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SECTION I. MAJOR ACTIVITIES DURING FY 1964

I. Workload Analysis.

a. As in previous years statistical data for a three-year period is provided in this report to show not only the quantity and variety of work in the division but to highlight significant trends in non-staff employment.

b. The number of FY 1964 amendments prepared in headquarters and in the field returned to the approximate number prepared in FY 1962. The previous inclusion of automatic legislative pay increases in contracts at the time of the 14 October 1962 pay increase reduced the number of individual contract amendments necessary for the January 1964 pay increase.

c. With the stabilization of SAS the total number of staff agents increased slightly during the past year however the work load of CPD's staff agent section increased materially. The increase was due largely from actions necessary to process reassignments and promotions within the new TO for SAS. Increases in number of staff agents occurred in SAS, [ ] and CCS in that order while the greatest decreases were in FE, AF and JOTC respectively.

d. As was anticipated, the publication of [ ] in April 1963 has almost eliminated the CPD preparation of Letters of Authorization for military details. In essence, that regulation restricts the preparation of an LOA to situations where a military detail is assigned

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Approved For Release 2003/01/29 : CIA-RDP80-01826R000200040002-8

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SECTION II. SIGNIFICANT DEVELOPMENTS IN FY 1964

1. Allowances & Differentials. The steady expansion of non-official cover has required the establishment of allowances and differentials at posts and stations, many of which are far removed from centers of population. This has been particularly true in Africa and the Southeast Asia countries where State Department data is either meager, non-existent, or lags behind current conditions. One example is the housing problem in the African continent. To meet

25X1 [redacted] Working with the SSA-DDS on this part of the allowance structure we have been able to improve quarters allowances in remote or rapidly changing cities and areas, or where the housing allowance is still insufficient, to authorize in the contract the matching formula provided in [redacted]

This year's figures for separation allowances granted are the highest for many years due almost entirely to the [redacted] Southeast Asia situations.

2. Ceilings.

a. Non-Staff Ceiling. During the past year, the Executive Director-Comptroller (BPAM) established and issued to each Deputy Director a ceiling for non-staff personnel. While the basic figures had been a part of previous budget submissions by the Agency to the Bureau of the Budget, this was the first time figures had been given to Deputy Directors as non-staff personnel ceilings.

CPD is not in the non-staff ceiling control business (this being a Deputy Director responsibility), however when individual contracts are requested, CPD must determine whether the requested contract is in fact a charge against non-staff ceiling or is more appropriately a charge against staff ceiling under [redacted]

Since the specific types of personnel to be charged against non-staff ceiling have not been clearly defined, considerable work has developed for the Division in the form of discussions, conferences and the obtaining of interpretations to resolve these cases.

b. Staff Ceilings. With the application of stringent staff ceilings by the Executive Director-Comptroller during the past year,

25X1 CPD has had to devote much time to the interpretation and application of [redacted] At the present time, 42 contract employees are charged to the staff ceiling of the various Agency components. As the ceiling situation is expected to worsen during the coming fiscal year, CPD expects a continuing workload in the monitoring of this regulation.

3. Consultants. The Handbook and regulations were revised to include the responsibilities placed on the Agency and on the individual consultant by the presidential memorandum of 3 May 1963. We also streamlined the consultant processing procedures which have worked extremely well. We have received 92 replies from the 106 consultants contacted. This year also saw the formal organization of the DCI Scientific Advisory Board. The Board has formed three panels under its jurisdiction to assist it in carrying out its responsibilities.

4. Non-Official Cover. Approximately four years ago DDP began to strongly develop non-official cover assets. Since that time the number of career and staff agents under non-official cover has doubled. CPD has been a focal point in this growth both contractually and with staff agent personnel. By working closely with Clandestine Service Agent Panel and the Central Cover Staff, contracts and staff agent supplements have been tailored and developed to meet the many problems which arise.

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With the success to date of the non-official cover program we can expect an ever increasing number of requests for contract or cover agreement support.

5. Reemployed Retired Personnel on Contract.

a. The employment of retired staff personnel on contract to perform special time limited tasks is on the increase. In preparation of these contracts full cognizance is given to Dual Employment and Dual Compensation Laws as well as to the Agency policy that net contractual compensation plus civilian annuity shall not exceed the employee's last salary as a staff employee. Use of a reemployed annuitant (military or civilian) is coordinated with OGC on a case-by-case basis.

b. In addition to using retired staff employees as contract employees, CPD developed at the request of the Deputy/DDP a new

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SECTION III. OBJECTIVES FOR FISCAL YEAR 1965

With the stringent staff ceiling contracts we expect that FY 1965 will be a year of increased pressure by operating components to assist them to legally hire by contract personnel which they can not obtain as Staff or Reserve. Considerable pressure has been felt to date by CPD from many Agency components to devise ways to use individuals as independent contractors rather than as Contract Employees. In consonance with Agency policy CPD will assist Agency components to the greatest degree possible while at the same time maintaining Agency controls and regulations.

25X1A9A The use of retired staff for short time (1 year) projects will undoubtedly continue in FY 1965. This is a convenient method of getting cleared and qualified individuals with a minimum recruiting cost. [ ] project is an example. A program of this type for FY 1965 now under consideration is for project "Walnut" where retired DDP employees will be used.

It is expected that in early FY 1965 the Agency notice concerning the obtaining of personal services through the use of industrial contracts will be published. In accordance with the provisions of this notice, a review of each request will be required and a master roster of such personnel will be established and maintained. With Agency staff and non-staff ceilings so rigidly controlled, the use of industrial contracts is the last avenue open to Agency components to obtain personal services without ceiling charges. In our opinion this type of personal service hire will increase. The Contracting Officer for Logistics agrees. When this function becomes a CPD responsibility in FY 1965 we expect a very active program.



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Supplemental Retirement for Certain Contract Personnel.

During the last two years, CPD has spent many hours with various DDP representatives discussing additional retirement benefits for certain contract personnel. Several ad hoc plans have been evolved to take care of individual cases during which it became apparent that a basic study was necessary in this area as a point of departure for adequate and realistic relief. During FY 1965 a representative of CPD together with a representative of BSD will prepare that basic study. It will be presented for your comments and such additional coordination as you may suggest.

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